

DEPARTMENT OF THE TREASURY

Date: JUN 24 1998

Person To Contact:

(213) 725-1857

Period(s) Ended:

In _____ you were held exempt from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code.

Internal Revenue Code (Code) section 501(c)(6) provides for exemption for various types of business leagues - including boards of realtors. Income Tax Regulations (Regs) 1.501(c)(6) provides in part, that the activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league.

As a result of our examination of your activities and financial records for the year ended _____ it was determined that your organization operated a real estate multiple listing service for its members. This activity accounts for more than 75% of the total activities of your organization. A real-estate board whose primary purpose or activity is the operation of a multiple listing system is considered to be rendering particular for its members and is not exempt from Federal income tax

as an organization described in Code section 501(c)(6). See Revenue Ruling 59-234, 1959-2 C.B. 149 and Evanston-North Shore Board of Realtors v. U.S., 2 AFTR2d 5153, 63-2 USTC P 9604.

Since you do not satisfy the operational test, you are disqualified from continuing exemption under Code section 501(c)(6). You have agreed to revocation as of _____ by signing the Form 6018 (Consent to Proposed Adverse Action).

Accordingly, this letter constitutes your formal notification of the revocation of your exemption from Federal income tax under the provisions of section 501(c)(6) of the Code effective January 1, 1995.

Under Internal Revenue Code Section 6011 and 6012, you organization is responsible for filing all Federal income tax forms in future years, including Form 1120.

You are required to file Forms 1120 for the taxable years beginning after .

You are required to file Form 1120 (U.S. Corporation income tax returns.

Sincerely yours,



Steven A. Jensen
District Director

Enclosure(s):
Publication 892